



INVESTMENT MEMORANDUM

Engaging & Monetising the African Cycling Enthusiast Fan Base

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EXECUTIVE SUMMARY

PROTOUCH™ is an African Sports brand, focussed on enabling Athletes to perform on the World Stage.

Our vision is to revolutionize Professional Cycling in Africa, by building a sustainable business [beyond sponsorships] that supports high performance and unlocks value for athletes, brands, cycling enthusiasts and investors.

Centred around the number one UCI-ranked Continental Road Cycling Team in Africa [for two consecutive years] PROTOUCH has assembled and invested in an ecosystem of commercial initiatives, that enhance African Cycling's brand equity.

We have created a new business model – a Pan African Sports Platform, comprised of multi-Continental and top African cycling nation partnerships, broadcast properties and, an executive cycling network – interconnected through content, data, distribution and fan engagement – and, enabled by technology. Our business model supports the creation of alternative revenues from offerings that engage the cycling enthusiast.

We plan to grow our top performing Continental team into a Pan African Pro Tour Team, in the not too distant future. To commercialise this, we are also launching a made-for-television broadcast property that includes The Capitals Tour of South Africa and leverage our executive cycling network, to encourage and support healthier, more active ways for people to live and connect while supporting top performing athletes.

THE NEED FOR CHANGE

Global interest in cycling has never been higher, with increased broadcasting hours, television audiences and booming social participation. The global cycling market size is expected to reach \$75.47 billion by 2025¹. Despite this, professional cycling struggles commercially worldwide, and especially in Africa.

Professional Cycling is one of the oldest professional sports. With deeply rooted origins in tradition and passion, for over 130 years. However, it is still commercially underdeveloped, with a massive reliance on sponsorship as its only source of revenue. This model has not evolved and this impacts heavily on its future.

The majority of sports, have a business model that allows teams to operate as businesses – teams cover their operational costs by selling tickets to matches and, merchandise like jerseys, flags, banners and sports equipment to their fans. They charge brands money to endorse their products and put their logo on a variety of items and, they sell the broadcast rights to their events to make even more money. This allows teams to be profitable and, team owners to earn dividends or invest back into these teams to buy better players, staff, and equipment so the next year can be even more successful.

In professional cycling, teams cannot do this. There is no stadium or venue for teams to charge an entry fee. The teams do not produce the equipment or the clothing, so they do not make money from these sales. The teams do not organise the races, so they do not make money from the entry fees or the television rights to those races.

In its current form, the business model of professional cycling is not a business model – it is essentially a charity model! There is no way to make money other than to raise revenue from sponsors and donations. This means that professional cycling teams do not aim to be profitable, they simply try to ensure they can survive and can race the following season.

If it is to survive, Professional Cycling must reduce its reliance on sponsorship, and develop new ways of creating revenue from the cycling enthusiast fan base. Alternative incomes from offerings that engage the cycling enthusiast – as well as new audiences – are fast becoming the most important economic drivers for its survival.

¹ Source: Gran View Research 2019

This document provides an overview of the some of the commercial properties that PROTOUCH has created to solve this problem. We are inviting investors, with an affinity to our vision to join our executive cycling network and become part of this exciting journey – to enable more African athletes onto the World Stage – using **CYCLING AS THE PLATFORM**.

FAN ENGAGEMENT PLATFORM

In March 2021, PROTOUCH launched its BETA Version of the PROTOUCH AFRICA FAN ENGAGEMENT PLATFORM, where cycling enthusiasts can find aggregated African cycling news, view the latest athlete rankings and rider profiles and, engage with top African riders directly and via their social media channels. The platform makes use of Blocksport.io technology and PROTOUCH has the license rights to Blocksport Technology in Africa. PROTOUCH plans to roll out multiple fan engagement offerings using this technology for other sporting codes, teams and federations.



HERE ARE SOME OF THE KEY FEATURES:

- View the latest UCI Africa Tour rankings and African rider profiles and engage directly.
- Find aggregated social media news about African Cycling.
- Get 10% off thousands of products, in our official online store and, between 10-15% of all sales is donated into The Phil Liggett Foundation.
- Find official African Team and Fan merchandise and, participate in auctions for signed memorabilia.
- View LIVE and ON-DEMAND content as well as incredible storytelling about Africa’s top athletes.
- Connect directly with other cycling enthusiasts, set up own cycling groups and, arrange events and fundraisers using our integrated fan messenger.
- Join our Executive Cycling Network – encouraging healthier, more active ways for people to live and connect and support top performing athletes.
- Soon, we will be adding the ability to crowdfund, play fantasy games too and purchase digital collectibles like rider and team cards and users can also earn rewards for various missions, unlocking even more value.

We believe that the Fan Engagement Platform will form the core strategy to monetise the cycling enthusiast fan base in Africa and on a global stage.



A PAN AFRICAN PRO TEAM

Building on our number one UCI-ranked Continental Team in Africa [established in 2019] we continue to build a winning team, around a core of top performing South African riders. We are focussed on maintaining this position and enabling our athletes to perform on the World Stage, while extending this into a Pan African Pro Team in the not too distant future.

PROTOUCH already handles a range of Professional Athlete Services for its own Continental Team riders. This new business model includes athlete agent representation of African athletes, providing a range of athlete-focussed healthcare and financial services solutions [tax, insurance and investment advice] through strategic partnerships that have been developed.

BROADCAST PROPERTY

With COVID-19 enforced travel restrictions postponing plans for some of our international racing, PROTOUCH joined forces with 'Cycling Adventurer' Ron Rutland to use this as an opportunity to embark on a journey to explore our own back yard and do some good, doing what we love – riding our bikes!

Ron Rutland is best known for his 'world first' expedition of cycling a single, continuous route through every country on mainland Africa. This 27-month journey, which saw him cycling 42,000km through 70 countries, ended at South Africa's opening game of the 2015 Rugby World Cup in England - where Japan beat the Springboks in the biggest upset in Rugby history. Three years later, Ron continued his global cycling adventures, riding 20 000km from Twickenham To Tokyo for the 2019 Rugby World Cup in Japan – together with his riding partner they were tasked with delivering the match whistle for the opening game, and in the process, raised over R2 500 000 for Child Fund Pass It Back, the official charity partner of the Rugby World Cup.

In a world-first, PROTOUCH will be embarking on a Capitals Tour of South Africa, cycling 4 000km from Cape Town to Nelspruit, via all 9 provincial capital cities. This will be filmed for a 9-part documentary series for television, showcasing the incredible diversity and beauty of the people and places of south africa - from the unique perspective that only travel by bicycle allows...

The routes and GPS Tracks of The Capitals Tour will also be recorded for the largest free sharing platform for user-generated videos and GPS tracks, allowing cycling enthusiasts to "ride" thousands of routes from around the World and upload these to STRAVA. By registering for the Pursuit, participants will be featured on leader boards, earn points for completing selected routes and, improving their rank as well as bonus points for participating in real-life activations and race events. Points accumulate to unlock even more rewards, as well as to crown the Tour De Africa Champion.

It is our intention to create a number of broadcast properties, linked to the pursuit of maintaining the number one team in Africa position as it travels around Africa, Asia and Europe. The Capitals Tour will also be used as a platform to raise funds for The Phil Liggett Foundation.

THE PHIL LIGGETT FOUNDATION

A non-profit organisation, which PROTOUCH operates in partnership with Phil Liggett - *the global voice of cycling* - supported by National Road Champions, Ryan Gibbons and Ashleigh Moolman Pasio and ex-professional rider and commentator Johnny Koen.

Established in 2020, to raise funds for south african road cyclists participating in UCI Teams and SA National Team events including the African Continental Championships, African Games and World Cycling Championships. The Capitals Tour is the first major fundraiser for the Foundation. Phil Liggett recently completed the filming of a feature documentary - PHIL LIGGETT – *The Voice Of Cycling* and was launched at the Adelaide Film Festival at the end of 2020. PROTOUCH plans to screen VIP premiers of the film in South Africa, at three events as part of The Capitals Tour Project.



EXECUTIVE CYCLING NETWORK

Connecting executives and entrepreneurs with a shared passion for cycling.

We encourage businesses to support healthier, more active ways for people to live and connect and support top performing athletes. Through our Executive Cycling Network, Cycling enthusiasts get access to: discounts and benefits, from our network partners and the brands we love; exclusive fan deals; Invites to networking events including rides, exclusive content and other great enthusiast offerings; access to training plans, nutrition, cycling tours and much more...

GRAND FONDO AND UCI TOUR EVENT IN AFRICA

PROTOUCH is currently in negotiations to acquire the license rights to bring an international grand fondo event to South Africa in 2022, in partnership with the Italian Chamber of Commerce.

Our plan will be to include an Italian brand trade fair/ expo, a corporate relay, mass participation race and a UCI PRO race. Invitations to be sent to all of the fifteen cycling nations in Africa, as well as the four continental teams – our goal is to have the largest number of African cyclists at one event on the continent – auctioned and presented by Africa's leading brands.

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BACKGROUND - WHERE DID IT ALL BEGIN?

It was back in 2016 that several first year U23 South African riders found themselves effectively without teams. Financial backing was becoming increasingly hard to find, the knock-on effect being little growth and opportunity in the club teams.

Enter PROTOUCH™, a new and self-funded team set up to cater for U23 South African road cycling talent. With the vastly experienced Tony Harding at the helm, our self-funded team set out with a singular focus: to enable South African riders to perform. And how this goal has manifested itself.

In its first three years, PROTOUCH™ went from strength to strength, culminating in overall victory at the 2018 SA Road Cycling Series and countless other domestic racing victories. Seven PROTOUCH™ riders were selected for National Team duty that year, and the Team achieved four podium finishes in the toughest of African stage races – the Tour du Rwanda.

Despite this home-ground success, it was clear that focussing solely on South African racing was not preparing our Athletes for international racing. Local events cater primarily for mass-participation and, shorter racing distances. Coupled with the limited spectator value and media coverage, attracting sponsorship and investment was still proving to be difficult. The unsustainable Federation model was also impacting on National Team participation by its athletes [also self-funded].

SO, WE EMBARKED ON SOMETHING MUCH BIGGER...

In 2019, PROTOUCH registered a Continental Elite Men's Road Cycling Team – **PROTOUCH™ PRO CYCLING TEAM** - around a core of South African riders, with the aim to become the #1 Team in Africa and, to ride for something bigger than just a Team.

Racing alongside top African, Asian, American and European Continental and Pro Continental Teams, PROTOUCH finished off our 2019 season with: four Stage Wins; four Sprinters Classification Jerseys; nine Top 10 General Classification finishes; sixty-eight Top 10 Stage Finishes; thirty-two Top 20 Stage Finishes; and, a Gold/ Silver Medal at the African Games. In 2020 PROTOUCH has remained the #1 UCI Continental Team in Africa, for two consecutive years. In 2020, despite Covid-19, PROTOUCH won two Bronze Medals (Road & ITT) and had four riders finish in the Top 10 of the road race at the SA National Road Championships, four Top 10 and seven Top 20 stages, two Top 15 GC finishes in Gabon and 3rd Place GC and six Top 10 and three Top 20 finishes at the Tour du Rwanda (UCI 2.1) and four consecutive WINS and two 2nd Places in local one-day classics.

Centred around the team, PROTOUCH commenced with building an African sports brand, focussed on enabling Athletes and, getting more [South] African athletes onto podiums around the world. It has assembled an ecosystem with a number of components providing the foundation for commercialisation and scaled for growth.

PROTOUCH spearheaded the **SUPPORT SA TALENT™** Project which recognises top South African talent through its Road Cycling Series – tracking and ranking over 1 000 athletes, across 30 road cycling events annually; its Virtual Racing Series - *using its own event on Zwift*; a new Pro Racing League (launching in 2021) - to crown the Best SA Team; and, a Marketplace – where cycling enthusiasts can access preferentially-priced products, while supporting athletes.

“With only two African riders on the start list of the 2019 and 2020 Tour de France – investing in this dream could not have come at a more opportune time in African Cycling”

- Phil Liggett – Global Voice of Cycling.